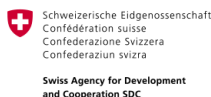




Republic of Serbia



Programme Funded by EU



Implementing Partner



European PROGRES Sector 1 – Good Governance and Social Inclusion

Supporting Youth Self-Employment through Business Start-Ups

Call for Project Proposals 04-2016

1. BACKGROUND

European PROGRES is a multi-donor Programme, financed by the European Union (EU), the Government of Switzerland and the Government of Serbia, designed to support sustainable development in the South East and South West Serbia. The Programme has been conceptualised jointly with the European Integration Office of the Government of the Republic of Serbia (SEIO), which has responsibility for monitoring implementation and providing assistance and facilitation. The United Nations Office for Project Services (UNOPS) has been granted with an initial budget of 17.46 million Euros and has the overall responsibility for the Programme implementation.

Through a multi-sector approach this Programme will contribute to sustainable development of underdeveloped areas and creation of more favourable environment for infrastructure and business growth by strengthening local governance, improving vertical coordination, planning and management capacities, improving business environment and development, as well as enhancing implementation of social inclusion and employment policies.

The Programme works towards achieving four main results, while good governance principles are interwoven as a cross cutting aspect of the entire intervention:

1. Strengthened local governance, planning and management capacities through introduction of new, or improvement/elimination of existing procedures and processes in line with the principles of good governance
2. Increased competitiveness of local economy through improved business environment and management/organizational capacities of small and medium enterprises/agricultural cooperatives
3. Improved access to employment, offering equal opportunities to both men and women, and social inclusion of most vulnerable and marginalised groups through development and implementation of local policies resulting in reduced migration from South East and South West Serbia
4. Effects of Serbia's European accession communicated to general public.

Final beneficiaries, but also the key stakeholders and financial contributors of this Programme are **34 municipalities** from the third and fourth group of development level ¹, which have responsibility of taking ownership for activities implemented within their territory:

- Novi Pazar, Ivanjica, Nova Varoš, Priboj, Prijepolje, Raška, Sjenica and Tutin, in the South West Serbia
- Prokuplje, Blace, Žitorađa, Kuršumlija in the Toplica District
- Leskovac, Bojnik, Vlasotince, Lebane, Medveđa and Crna Trava in the Jablanica District
- Vranje, Bosilegrad, Bujanovac, Vladičin Han, Preševo, Surdulica and Trgovište in the Pčinja District
- Brus in Rasina District
- Aleksinac, Gadžin Han, Doljevac, Merošina and Svrlijig in Niš District
- Babušnica, Bela Palanka in Pirot District
- Knjaževac in Zaječar District.

Other beneficiaries include municipal institutions and public utility companies, civil society organisations (CSO) and media in the partner municipalities. It is the inhabitants of the South East and South West Serbia who will feel the biggest benefits of the Programme.

2. INTRODUCTION

The strikingly high unemployment rate among Serbian youth is key factor behind insufficient social inclusion of young people in Serbian society today. The Statistical Office (SORS) of the Republic of Serbia data for 2014² show that unemployment is approx. at 18% among the general available workforce (approx. 750,000), out of which 25% are young people up to 30 years of age. The available data is even more bleak when we look at the unemployment rate among the youth alone – up to 47% of them were unemployed.

According to the same source³, the youth in Serbia is becoming more and more inactive, due mostly to poor or non-existent employment opportunities (66% in 2008 vs. 72% in 2014 were inactive). Paradoxically, many among young people decided to pursue advanced academic degrees, because – they can't find employment⁴. Other reasons⁵ also contribute to the youth inactivity, such as prejudices on integrity of recruitment processes, low salaries outlooks, or

¹ <http://www.regionalnirazvoj.gov.rs/Lat/ShowNARRFolder.aspx?mi=171>

² http://webrzs.stat.gov.rs/WebSite/repository/documents/00/02/01/40/Trendovi_decembar_2015.pdf

³ Workforce Survey for 2014, the Statistical office of the Republic of Serbia;

http://webrzs.stat.gov.rs/WebSite/repository/documents/00/01/71/71/SB-593-bilten_ARS_2014.pdf

⁴ However, the available SORS data, from end of December 2014, also show that approx. 59% of young registered unemployed are with High School diploma.

⁵ The Ministry for Youth and Sports of the Government of the Republic of Serbia, *A Research on the Situation and Needs of Young People in Serbia*, November 2015

even certain social policy measures that are not supportive enough for increasing youth activation (e.g. financial sustenance support).

Providing opportunities for quality employment is essential when it comes to increasing autonomy and wellbeing of young people (e.g. one recent research⁶ shows that approx. 80% of young people between 16 and 29 years in Serbia are living with their parents). In a situation when the private sector in Serbia is not yet in a position to open sufficient employment opportunities, and the public sector jobs are becoming increasingly few and far between, many young people are looking for starting their own businesses: in the said Ministry for Youth and Sports research paper, almost 40% of the surveyed expressed their willingness to become entrepreneurs. Also, almost 42% thinks that it is better to own a business, than to be an employee. Thus starting a business is more and more seen as one of the important factors in addressing youth unemployment in Serbia today.

However, young persons (not only in Serbia, though) are usually more than likely bound to find that starting a business is a bit more difficult than if they were adults, mostly because fewer resources are available to them – such as personal (skills, experiences etc.) or financial. This needs to be addressed through a set of measures, that would include access to finance, but also entrepreneurship development aspects that would complement these opportunities and would pertain to specific trainings, and business assistance and support.

Opening perspectives for employment in the AoR, or rather pointing to and piloting the possible solutions to that end, the Programme will contribute to efforts to lower inactiveness and unemployment among the youth in Serbia today.

3. JUSTIFICATION FOR THE INTERVENTION

A number of strategic documents tackling unemployment of young people in Serbia, as well as their inactivity, have been adopted in recent years. *The National Priorities for International Assistance in Serbia for 2014-2017*⁷ (with projections until 2020), in Priority 1 envisages to “(...) promote youth employment and entrepreneurship (especially the NEET⁸ group) ...”. *The National Action Plan for Employment in 2016*⁹ recognises the specific situation of the youth in the current labour market and plans for a comprehensive approach to tackle the problem. Improved employability and increased employment of youth is also a priority for the *National Strategy for Youth in 2015-2025*¹⁰ and the accompanying *Action Plan*¹¹.

⁶ *Young People in Serbia*, Frierdrich Ebert Stiftung, Belgrade Buro, 2015; <http://library.fes.de/pdf-files/bueros/belgrad/12065.pdf>

⁷ [http://www.evropa.gov.rs/Documents/Home/DACU/12/74/NAD%202014-2017%20with%20projections%20until%202020%20\(english\).pdf](http://www.evropa.gov.rs/Documents/Home/DACU/12/74/NAD%202014-2017%20with%20projections%20until%202020%20(english).pdf)

⁸ **NEET** – Not in Employment, Education or Training

⁹ http://www.srbija.gov.rs/extfile/sr/247997/nacionalni_plan_zaposljavanja0158_cyr.zip

¹⁰ http://www.mos.gov.rs/mladisuzakon/attachments/article/389/nacionalna_strategija_za_mlade0101_cyr.pdf

¹¹ http://www.srbija.gov.rs/extfile/sr/244163/ap_strategija_za_mlade_2015-2017_0148_cyr.zip

Also, a special focus on youth employment is given in the Government's *Employment and Social Reform Programme* (ESRP), as a strategic process that accompanies the Serbia's European integration efforts.

3. THE OBJECTIVES

The Overall Objective of the intervention is to improve and promote job-related mobility and activity of the youth in the AoR, by pointing to and supporting of self-reliance, innovativeness and pro-activity, thus contributing to decreasing social exclusion of this particular group.

Specific objectives of the intervention are to provide employment opportunities for young people from the AoR, by funding at least 20 start-ups, selected through an open call for project proposals, thus providing positive examples and encouraging youth entrepreneurship.

5. THE SUBJECT OF THE CALL

Through an open two-stage call for project proposals to fund eligible start-ups that are to be legally registered (see Chapter 6. G for details), owned and run by young people¹² between 18 and 30 years of age, with an equivalent of **up to EUR 10,000 per grant**, for purchasing machinery/equipment/durable goods (including software, if justified).

6. GUIDELINES FOR THE APPLICANTS

A. CORE ELIGIBILITY CRITERIA

APPLICANTS:

- I. **Unemployed youth 18 to 30 years of age are eligible to apply. It is mandatory** that the person applying for this Call is registered with the National Employment Service for at least three (3) months in continuity *at the time of the Call's announcement*. Proof of age and registration within the National Employment Service will be required.
- II. The young people with additional layer of vulnerability, such as young people leaving the State Protection system, Roma, youth with disabilities, women, and refugees or Internally Displaced Persons (IDPs), are **strongly encouraged to apply** and their applications will have special consideration during the evaluation process

¹² **Important Note:** Although the Law on Youth (<http://www.mos.gov.rs/mladisuzakon/attachments/article/388/Zakon%20o%20mladima-srb.pdf>) considers as "youth and young people" persons between 15 and 30 years of age, this Call refers only to persons considered to be legally adult, which is of 18 years and above age.

- III. The applicant **must** be Serbian citizen, with a permanent residency in one of the 34 partner municipalities of the European PROGRES Programme¹³.
- IV. One applicant can submit only **one project proposal**. One applicant can be awarded with **only one grant**.

BUSINESSES:

- I. **Only** following businesses will be taken into consideration:
 - Information Technologies (except for hardware retailing, assembling and maintenance)
 - Manufacturing
 - Food processing
- II. Proposals for start-ups in trade, primary agricultural production, production and processing of tobacco, lotteries or betting shops, or production and trade of the substances/materials/product controlled by Law – will **not** be supported
- III. **Only purchase of new machinery/equipment/durable goods** (including software, if justified) will be supported.
- IV. The applicant must plan to work at the business on a full-time basis and may not be employed elsewhere. The applicant must be actively involved in all aspects of the business on a day-to-day basis.
- V. Must be year-round and permanent in nature. Proposals to initiate part-time or seasonal businesses will not be considered.
- VI. Must be based within one of the 34 partner municipalities of the European PROGRES Programme¹⁴.
- VII. Must demonstrate through the business plan a reasonable chance of success.
- VIII. Must not be an expansion of an existing business.

B. THE PROJECTS SELECTION

- I. The projects that will be awarded are going to be selected through a **competitive two-stage process**.
- II. European PROGRES will award only projects evaluated as best, based on their relevance, expected outcomes/impacts and sustainability of the proposed intervention **until** the budget line for this activity is being exhausted (**approx. EUR 180,000**).

¹³ <http://www.europeanprogres.org/kosmo/sr/58/Nasi-partneri/>

¹⁴ <http://www.europeanprogres.org/kosmo/sr/58/Nasi-partneri/>

- III. The project proposal will be dismissed if it was not submitted according to the requirements and criteria of this proposal, or is incomplete, or is submitted after the deadline. This decision will be final.
- IV. The evaluation list with the evaluation criteria, for both stages, is attached to this Call. (Annex 7 and Annex 8)

C. THE GRANT AMOUNTS

- I. For this Call, EU PROGERS dedicated total amount of **EUR 180, 000** (in RSD).
- II. The minimum value of the grant is **EUR 2,500** and the maximum is **EUR 10,000** (in RSD).
- III. European PROGRES will **not** transfer any funds to the grantee, but rather, it will purchase and deliver machinery/equipment/durable goods (including software, if justified) to the grantee, in the value of the grant stated in the contract
- IV. European PROGRES does **not** have an obligation to spend all funds available for this activity and will fund **only** quality projects that meet specific criteria.

D. DURATION OF PROJECTS

The implementation of activities from the project proposal will last a maximum of **12 months**, counting from the day of signing the contract. However, the implementation **must** be finalised **by 1 June 2017** at the latest.

E. THE PROCESS

This Call for Proposals will have **two stages**:

Stage 1: Submission of Project Concept Notes:

- a) Preparation and submission of Project Concept Notes
 - Applicants are expected to develop and submit a concept note on the project with which they would like to apply (the form for the Concept Note is attached to this Call in Annex 1). Project Concept Note is to be submitted with required documentation (Chapter G) and a signed administrative checklist (Annex 2)
- b) Evaluation and Selection of the Concept Notes that will enter the Stage 2

- Each concept note will be assessed and evaluated by the Programme against the basic criteria set in this Call for proposals, as well as for its relevance, innovativeness, cost-effectiveness, feasibility, and sustainability. Multi-layered vulnerability of envisaged beneficiaries and anticipated positive impact on local communities will be specifically considered.
- Each applicant will receive written information on the results of this stage. The results will be final, for this stage.

Stage 2: Training Programme and Full Project Proposal Application:

Entrepreneurial Training Programme for the shortlisted candidates:

- I. The applicants selected in the Stage 1 will be invited to attend the mandatory Entrepreneurial Training Programme, which will be comprised out of following topics, adapted to the start-up level:
 - a. Legal framework for small businesses in Serbia
 - b. Small-business management skills
 - c. Small-businesses planning
 - d. Marketing and sales for small businesses
 - e. Finance for small businesses (incl. basics of bookkeeping)
 - f. Business communication and e-commerce
- II. The Training Programme will last 5 working days, in total, divided in batches. The attendance at the trainings will be **mandatory** and only those who finish successfully the training programme and pass pre-set milestones will be eligible to apply with fully fledged project proposals, whose development is expected to be assisted during the course. The exact date and time of this training will be communicated with the shortlisted candidates.
- III. Applicant submits project proposal in required format (*see below the list of required documents*) and time (*see below for the details*).
- IV. The Independent Programme evaluation committee appraises the proposals and informs the candidates on the decisions taken.
- V. In due time, the candidates whose project proposals are appraised positively are being invited to an **interview** with the evaluation panel. The

candidate will be expected to justify and verbally elaborate the proposal and to answer additional question asked by the panel.

- VI. **Only** after this stage is completed, the final decision on who the actual awardees are will be made. The candidates are required to pass all steps in the stage 2 (training, application, and interview).
- VII. The candidate is informed that the grant has been approved. The grantee signs the contract with UNOPS/European PROGRES. **Only then**, the grantee starts with registration process with the APR (the costs of the registration will be paid by the grantee and will be considered as the grantee's financial contribution) and registers as full-time employee(s).
- VIII. The grantee secures functional premises for the business, in accordance to the line Law. If rented, a contract for renting the premises must be submitted to the Programme prior to the delivery of the equipment.
- IX. European PROGRES procures and delivers equipment/durable goods according to the specification provided **by the grantee** (see below for the list of necessary documentation).
- X. The grantee starts with the business.
- XI. The grantee provides European PROGRES auditors at any time full insight in the way the business was carried out and managed
- XII. The grantee submits final report on the status of the business no later than 1 June 2017.

E. NON-ELIGIBLE ACTIVITIES AND COST

Following activities and expenditures will not be considered eligible:

- I. Purchase of raw-materials or any other expendable materials, as well as vehicles (e.g. tractors etc.)
- II. Renting, constructing or renovating business premises
- III. Costs aimed at covering any kind of existing debts or losses, accrued bank interests, or penalties
- IV. Costs already covered by other sources of funding
- V. Travel, catering, scholarships and/or training services costs not founded in project rationale

- VI. Research or promotional activities, not founded in project rationale
- VII. All costs originating before the project beginning

F. THE SELECTION CRITERIA

Proposals will be selected based on assessment of the following:

- I. Sustainability of the proposed activities
- II. Feasibility of the project proposed
- III. Relevance of the Proposal to the Objectives of the Call
- IV. Expected outcomes and anticipated impacts
- V. The Proposed Budget and its Cost-Effectiveness

G. STAGE 1-SUBMITTING THE DOCUMENTATION

The stage 1 documentation has to be submitted in **Serbian**, and **must** contain the following:

- I. Project Concept Note (Annex 1)
- II. Administrative Check-list for Stage 1, signed (Annex 2)
- III. Copy of ID, valid for at least 6 months
- IV. Proof that the applicant is registered with the National Employment Service for at least three (3) months continuously, not older than 15 days
- V. The applicant's CV

H. STAGE 2 - SUBMITTING THE FULL PROJECT PROPOSAL APPLICATION

Initially, the project proposal has to be submitted in Serbian, and **must** contain the following **application files**:

- I. Signed Project proposal submission form (Annex 3)
- II. Application Form (Annex 4)
- III. Detailed project budget proposal (Annex 5), in table format (*please note*, that all purchases that are to be made by European PROGRES must be budgeted **without** VAT, i.e. – please list the amounts in the budget accordingly). Please list what you expect European PROGRES to purchase

and what would be your contribution (e.g. raw materials, etc.). Please note that your contributions to the project realisation must include VAT.

- IV. Detailed technical specifications for the equipment/machinery/durable goods requested in the proposal (e.g. purpose, make, model, validity of the offer, delivery time etc.), with the **price offer** (without VAT) from **minimum three suppliers**. If not possible to obtain specific price offer, please submit price benchmarking with the market analysis on availability of required technical items. The Programme does not have any specific form for this file. Only entities legally registered in Serbia for production/trade will be considered. Only new equipment/machinery/durable goods could be purchased.
- V. Credit Bureau report of the applicant
- VI. Confirmation that the applicant has not been convicted
- VII. Signed Administrative checklist for stage 2 (Annex 6)

The applicant **must** have all requested forms filled out appropriately. Insufficient information or failure to provide inputs for requested boxes in the attached forms will render the application ineligible for further processing and the application will be dismissed.

Additional documentation that may be at will submitted with the application files: recommendations, relevant support letters, evidence of relevant professional or work experience, and similar.

After signing the contract with UNOPS, and before the requested equipment/durable goods are procured and delivered, the grantee will need to submit following administrative documents:

- I. Certified photocopy of the registration documents with the APR
- II. Certified photocopy of the assigned PIB
- III. Certified photocopy/ies of registration(s) as the full time employee(s)
- IV. Certified copy of the ownership of the premises, or certified copy of the lease contract for the premises
- V. Administrative checklist signed (Annex 9)

European PROGRES retains the right to request additional documents, if need be.

Project proposals **must** be submitted as 1) one printed copy of all application files, and 2) in electronic form, on a CD. Printed copies of application files have to be bound and must be signed by the applicant on appropriate places. **Hand-written applications will not be accepted.**

8. BRANDING AND VISIBILITY REQUIREMENTS

The grantee will be expected to comply with communications and visibility requirements as set by European PROGRES. The Programme will provide the grantees with adequate guidelines and other information prior to beginning of the project implementation.

These requirements cover the written and visual identity of European PROGRES, the donors and the implementing agency, and they apply to print, electronic and any other material, presentation, banner, invitation, sign, plaque or goods purchased with the funds provided by the donors and managed by European PROGRES.

9. MONITORING, REPORTING AND EVALUATION

The grantees must monitor their own projects and make relevant records, including photos if need be.

The grantee will be expected to submit the final report on the carried out activities at the end of the project.

European PROGRES will monitor implementation and audit grantees. The grantee can be audited at any time during the project implementation and subsequent actions may be taken according to the assessment's findings.

10. ADDITIONAL CONSIDERATIONS

- The grantee will be obligated to keep all the records related to the project implementation for one year after the project completion.
- The grantee cannot sell or in any other way transfer ownership over the equipment/durable goods obtained through the implementation of the project for at least two years after completion of the project
- When vulnerable and marginalised groups are involved in project implementation, the applicant must clearly indicate how these groups will be involved in and/or benefit from the project.

11. DOCUMENTS ATTACHED TO THIS CALL (ANNEXES)

1. Stage 1_Project Concept Note Form
2. Stage 1_Administrative Checklist
3. Stage 2_ Project Proposal Submission Form
4. Stage 2_Application Form
5. Stage 2_Project budget
6. Stage 2_Administrative (Application) Checklist
7. Stage 1_Evaluation sheet DO NOT FILL
8. Stage 2_Evaluation sheet DO NOT FILL
9. Administrative checklist after registration DO NOT FILL

12. SUBMISSION DEADLINE AND EUROPEAN PROGRES OFFICES ADDRESSES

All Project Concept Notes must be **received** by European PROGRES via registered mail or in person at the addresses below, **by 16:00 hours, 11 May 2016.**

The deadline for submission of full project proposals will be announced timely to those who pass the first stage (*please, see above for additional information on the stages of this Call*).

European PROGRES

Ćirila i Metodija 23,
18000 Niš

or

Kragujevačka 1,
36300 Novi Pazar

or

Kneza Milosa 52
17500 Vranje

Applications that are received after the deadline or via email **will not be considered.**